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AI and the Great Reordering of Professional Services

Prof. Michael G Jacobides, London Business School & Evolution Ltd
mjacobides@london.edu, mgj@evolutionltd.net

AI and the great reordering of professional services

Offering faster outputs at a lower cost, the economics of gen AI are unavoidable. Professional services firms should focus, then, on addressing the major strategic questions that come with adoption, including rethinking how they price, staff and deliver.

by Michael G. Jacobides



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Graduate hiring is falling. Junior roles are evaporating. Workflow automation is rising fast. It's clear that employment in professional services firms (PSFs) is being squeezed.

So, are PSFs like consulting, audit, law and advertising firms on their way out? Not quite.

The reason is that professional services are not simply an aggregation of tasks. They're built on trust, judgment, and relational capital – attributes not easily automated. While the pressure on junior roles is real, the death of the firm is greatly exaggerated.

Still, does this mean there's no disruption? Far from it.

Pockets of disruption are already here and growing. Routine analytical, administrative, and creative tasks are being absorbed by gen AI at an accelerating pace. What's critical to understand is that knowledge work is modular. Not all tasks are equally vulnerable. Some roles, particularly those rooted in repeatable logic or automated output, are squarely in the line of fire.

And whether we trust AI or not, the economics are unavoidable. Gen AI offers a compelling proposition: faster output, lower cost, scalable quality. For many organisations, this is not a philosophical choice, it's a commercial imperative. The firms that resist adoption risk losing relevance or being outcompeted by those who move faster.

Which brings us to the deeper concern: if gen AI automates much of the 'entry-level' work in PSFs, how do we train the next generation of professionals? And how do we sustain the economics of firms that historically relied on leverage – specifically, many juniors billing many hours – to drive profitability?

These questions were front and centre at a recent roundtable held under Chatham House rules at London Business School, co-sponsored by its Knowledge Exchange Fund and Evolution Ltd. Senior leaders from consulting, law, audit, and other knowledge-intensive sectors came together to grapple with what gen AI means for the future of professional services. What emerged is a picture of transformation, one that's uneven, complex, but undeniably underway.

Participants widely agreed that gen AI is already excelling in automating certain task clusters: structured analysis, report drafting, summarisation, and templated creative work. These were the bread and butter of junior professionals. As gen AI takes over, the traditional consulting and legal pyramid starts to compress.

But the impact isn't uniform. Relational, persuasive, and judgment-intensive tasks – things like stakeholder alignment, negotiation, and strategic framing – remain firmly in the human domain. In fact, their value may be rising as AI floods the market with content but leaves interpretation and trust unresolved.

What's at stake is not the total volume of knowledge work. If anything, that may grow, including the emergence of brand-new fields, such as AI assurance and audit. The real question is who does the work, how it's structured and how firms capture value from it.

What's more, AI's impact is on both strategy and organisation. To survive this shift, PSFs must rethink their operating models, and some might not. The traditional formula – high leverage, standardised billing, steady junior progression – no longer holds. Instead, successful firms will increasingly rely on platform and IP leverage: investing in internal tooling, proprietary workflows and reusable assets that scale insight while controlling costs.

In addition, they will need to find a way to bill and monetise, two major open strategic questions.

New roles are also emerging. AI assurance is a case in point: helping clients validate AI systems, assess risks and ensure compliance. Deloitte has already dubbed it "critical to adoption", while PwC is building out its own offerings. These aren't peripheral, they're becoming core service lines in the new AI-driven landscape.



One theme from the roundtable was that professional services are part of a broader ecosystem of knowledge work and different 'species' of firms are evolving at different speeds.

Tech-native scale-ups are embedding gen AI into their operations and starting to challenge incumbents head-on. Traditional corporates, especially in regulated sectors, are often slower to adapt due to process rigidity and regulatory hurdles. SMEs may face the greatest tension: huge upside from gen AI, but limited in-house capabilities, security and governance frameworks.

Even within PSFs, generational differences are emerging. AI-native graduates are accelerating quickly, while middle management risks stagnating without re-skilling. This creates a bifurcated workforce – one that demands urgent attention to talent development and role redefinition.

The UK's ambition to become a global AI hub puts professional services in the spotlight. These firms are central to translating AI into business value. But to do so, they must go beyond surface-level adoption and embrace structural transformation. Value will be destroyed and new value will be added. It would be a folly to expect that technology will simply prop up the economy.

Much of the action needs to happen at the firm level. PSFs need to rethink how they price, staff and deliver, moving from 'hours worked' to 'value created', reimagining career progression, and redesigning training pathways so they don't rely on 10,000 hours of manual grunt-work to build expertise.

But if the UK truly wants to benefit from AI, the national focus must shift; there needs to be less emphasis on raw AI usage and more attention to how business models, organisations, and strategy will need to adapt.

This is especially critical for an economy where professional services are a cornerstone of value creation. The key isn't just technical capability – it's organisational capacity. The real challenge is how PSFs manage the adoption of AI within their structural and cultural context.

We're already seeing marketing transform under AI's influence. Audit, both physical and cybersecurity, is not far behind. These aren't isolated disruptions; they're signals of systemic change.

Yet the opportunity isn't about technology per se. It's about how we use it judiciously, strategically and in service of better outcomes.

Gen AI will not determine the future of professional services. Strategy will. The firms and economies that understand this, will be the ones to lead the next era.

Michael G. Jacobides is the Sir Donald Gordon professor of entrepreneurship & innovation and professor of strategy at the London Business School, academic advisor at BCG's Henderson Institute and the lead advisor of Evolution Ltd.

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